

RECORDATION NO. 20475
FILED 1425
JAN 10 1997 - 1:00 PM

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OF COUNSEL
URBAN A. LESTER

RECORDATION NO. 20475-A
FILED 1425
JAN 10 1997 - 1:00 PM

January 10, 1997

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are three (3) copies of a Car Lease, dated as of December 1, 1994, a primary document as defined in the Board's Rules for the Recordation of Documents, and three (3) copies of an Assignment of Leases, dated as of January 10, 1997, a secondary document related thereto.

The names and addresses of the parties to the enclosed documents are:

Car Lease

Lessor: Atlantic and Western Railway, Limited Partnership
2605 Thomas Drive
Panama City Beach, Florida 32408

Lessee: CSX Transportation, Inc.
500 Water Street
Jacksonville, Florida 32202

RECEIVED
SURFACE TRANSPORTATION
BOARD
JAN 10 12 56 PM '97

Counterparts - 2 hard copies

Mr. Vernon A Williams
January 10, 1997
Page 2

Assignment of Leases

Assignor Atlantic and Western Railway, Limited Partnership
2605 Thomas Drive
Panama City Beach, Florida 32408

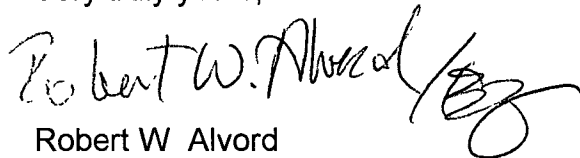
Assignee MRC Freightcar Leasing, LLC
One California Street, #1500
San Francisco, California 94111

A description of the railroad equipment covered by the enclosed documents is attached as Exhibit A to the Car Lease

Also enclosed is a check in the amount of \$44.00 payable to the order of the Surface Transportation Board covering the required recordation fee

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,


Robert W Alvord

RWA/bg
Enclosures

**SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001**

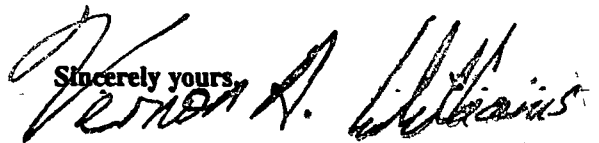
1/10/97

Robert W. Alvord
Alvord And Alvord
918 Sixteenth Street, NW., Ste. 200
Washington, DC., 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/10/97 at 1:00PM, and assigned recordation number(s). 20475 and 20475-A.

Sincerely yours,

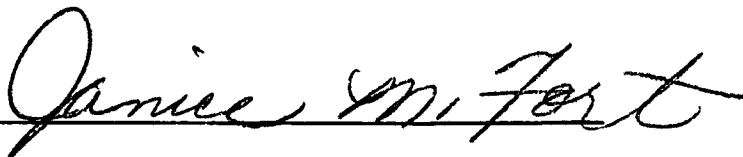


**Vernon A. Williams
Secretary**

Enclosure(s)

\$ 44.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



JAN 19 1997 1:00 PM

ATLANTIC AND WESTERN RAILWAY, Limited Partnership
CAR LEASE

This Car Lease (Lease) dated and effective as of December 1, 1994, is by and between Atlantic and Western Railway, Limited Partnership (Lessor) and CSX Transportation, Inc., (Lessee).

1. Capitalization and Titles: Capitalized words are used herein for the convenience of the parties. The specific definitions or uses of such words are contained in the body of the lease. All titles to the paragraphs are for the information and convenience of the parties and are not substantive.

2. Cars: Lessor agrees to furnish and Lessee agrees to accept, subject to the provisions of this lease, up to two hundred and twenty three (223) seventy ton boxcars suitable for paper service (the "Cars"). A list of the accepted cars is attached hereto as Exhibits "A" and "B".

3. Term: The initial term of this Lease is five (5) years, beginning December 1, 1994, or the date of acceptance for the Cars that are accepted earlier, and continuing through November 30, 1999. Thereafter, Lessee may renew the term for up to two (2) additional terms of one year (1) each, provided that notice of renewal is extended to Lessor not later than ninety (90) days prior to the end of the then current term.

4. Transfer and Use: Lessor agrees to deliver the Cars to Lessee and Lessee agrees to return the Cars to Lessor, at mutually agreed interchange points on Lessee's lines. Lessor is solely responsible for all line haul, switching and accessorial charges applicable to the movement of the Cars to and from the interchange points. Lessee is responsible for all similar charges incurred in returning the Cars to the designated interchange points. Lessee agrees to use the Cars exclusively in its own service and interchange service with other railroads, and shall have full authority to direct the movement of the Cars to any location in the continental United States, Mexico and Canada.

5. Rental: Lessee shall pay Lessor a rental of \$325 per Car per month for each Car accepted by Lessee. Payments are due semi-annually on March 1 and September 1 of each year in the amount of \$1,950 per Car beginning on March 1, 1995, for all Cars accepted on or prior to that date, or the actual date of acceptance, if later. Lessee shall pay a late charge of three (3) per cent of the amount due if not received by Lessor within 10 days of the date of notice from Lessor, as provided in Paragraph 14. Rental shall cease and be prorated as of the date of withdrawal of any Car from this Lease pursuant to the Destruction of Car paragraph.

6. Incorporation of Documents: Except as otherwise expressly provided herein, the parties agree to incorporate and be governed by the provisions of the Field Manual of the AAR Interchange Rules, AAR Circular No. OT-5 and 49 CFR parts 215, 231 and 232, all as amended, supplemented or superseded throughout the term of this Lease.

7. Maintenance and Repair: The Cars are leased to Lessee on a "net lease" basis. Lessee shall perform all required maintenance and repairs to the Cars during the Lease term at the expense of Lessee.

8. Inspection: Each of the Cars will be inspected by the parties at the beginning and ending of this Lease at times and locations mutually agreed upon by the parties. The condition of each Car will be noted on a joint inspection certificate (JIC). Should either party waive inspection, the records of the other party shall control. All Cars shall be delivered to Lessee in the following condition: (1) empty, (2) in good operating status, (3) acceptable as being capable of immediate loading and transportation of the intended commodities, and (4) suitable for interchange in accordance with the Interchange Rules of the Association of American Railroads (AAR Rules). All Cars will be returned in interchange condition subject to reasonable wear and tear and possible cleaning. If cleaning is required, Lessee shall, at its option, either arrange for the cleaning of such Cars itself or reimburse Lessor for the reasonable cost of cleaning.

If a Car is in need of repair prior to acceptance for delivery or return, a separate inspection will be held after repairs have been made. Should either party waive inspection, the records of the other party will control regarding the condition of the Cars on that date.

9. Car Hire Charges: Lessee shall collect and retain the car hire charges (time and mileage) earned by the Cars, subject to all applicable tariffs, circulars and contracts. Lessee agrees not to deprescribe the car hire earning on the Cars without the prior written consent of Lessor. Lessee may, however, execute bilateral car hire agreements with third parties during the term of this Lease that provide for different car hire charges so long as such agreements do not otherwise deprescribe the car hire charges.

10. Destruction of Car: Any Car that is damaged or destroyed beyond economic repair will be deleted from this Agreement as of the date of damage or destruction. Lessee will pay Lessor the amount due under the casualty schedule, attached as Exhibit "C", if such destruction occurs on the line of Lessee, or under Rule 107 of the AAR Interchange Rules if destruction occurs on lines other than Lessee's. No replacement Car will be furnished unless

agreed upon by both parties.

11. Disclaimer of Warranties: Lessor, not being the manufacturer of the Cars, nor the manufacturer's agent, hereby expressly disclaims and makes to Lessee no warranty or representation, expressed or implied, of merchantability or fitness for any particular purpose or otherwise. Lessor hereby acknowledges that any manufacturers and/or sellers warranties are for the benefit of both Lessor and Lessee.

12. Lettering: Lessee, at its expense, shall apply its own reporting marks and numbers, including AEI tags, to all Cars that are accepted. Lessor, at its expense, shall remove Lessee's reporting marks and AEI tags once this Lease has expired.

13. Sublease: Lessee may sublease any of the Cars to any third party of its choosing. Notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Lease and such sublease shall be subject and subordinate to this Lease. Except for the rights contained in this Lease, no right, title, or interest in any of the Cars shall vest in Lessee by reason of this Lease.

14. Default: If Lessee shall fail to perform any of its obligations hereunder, Lessor shall provide written notice to Lessee, specifying the alleged failure. If such failure has not been corrected within (A) ten (10) days for payment of rent or (B) forty five (45) days for any other alleged failure, Lessor, at its sole election, may (A) terminate this Lease upon three (3) days written notice, in which case Lessee shall owe Lessor rental for the entire term hereof, and Lessee will, at its expense, immediately return the Cars to Lessor, or (B) Lessor may proceed by lawful means to enforce performance by Lessee of this agreement.

15. Assignment of Lease: This Lease shall be assignable by Lessor and by its assigns without the consent of Lessee, but Lessee shall not be obligated to any assignee of Lessor except upon written notice of such assignment from Lessor or such assignee. Notwithstanding anything to the contrary contained herein, the obligation of Lessee to pay Rental to such assignee shall be absolute and unconditional and shall not be affected by any Circumstance whatsoever and such payment shall be made without interruption or abatement notwithstanding any event or circumstance whatsoever, including, without limitation, the deprivation or limitation of the use of the equipment, the bankruptcy or insolvency of Lessor or Lessee or any disaffirmance of this Lease by or on behalf of Lessee, and notwithstanding any defence, setoff, recoupment or counterclaim or any other right whatsoever, whether by reason of breach of this Lease or otherwise which Lessee may now or hereafter have against Lessor and whether any such event shall be by reason of any act or

omission of Lessor or otherwise; provided however, that nothing herein contained shall effect any right of Lessee to enforce against Lessor any claim which Lessee may have against Lessor in any manner other than by abatement, attachment, or recoupment of interference with, or set-off, counterclaim or defense against, the aforementioned payments to be made to such assignee. Lessee's undertaking herein to pay the Rental to and to perform the other obligations of Lessee hereunder for the benefit of an assignee of Lessor shall constitute a direct, independent and unconditional obligation of Lessee to said assignee. Lessee also acknowledges and agrees that any assignee of Lessor's interest in this lease shall have the right to exercise all rights, privileges and remedies (either in its own name or in the name of Lessor) which by the terms of this lease are permitted to be exercised by Lessor.

16. Return Tender and Storage: Lessee shall gather the Cars at the end of the term of this Lease and shall notify Lessor that the Cars are available for inspection. The aforementioned notice shall: (A) constitute the return tender of the Cars; (B) terminate any rental payments; and (C) begin the storage period. Lessee shall provide free storage for the cars for up to forty-five (45) days from the date of return tender, after which a charge of \$5.00 per car per day shall apply until receipt of forwarding instructions from Lessor. Lessee shall not be responsible for loss or damage sustained to the Cars during the storage period, unless due to the negligence of Lessee.

17. Taxes: Lessee agrees to assume responsibility for and to pay any applicable sales, use or similar taxes resulting from the Lease or use of the Cars. Lessee may protest or otherwise contest against the taxes for which it is responsible for payment to the taxing authority, and agrees to pay any penalty or interest, if unsuccessful. Notwithstanding any other provision of this Lease, Lessor is solely responsible for the payment of all income taxes assessed against it for any Rental payments or other income received or deductions taken by it in connection with this Lease.

18. Title, Possession and Assignment: Lessor is aware of and acknowledges the importance of Lessee's right of sole possession and quiet enjoyment of the Cars for the entirety of this Lease. Lessor represents: (A) that it is either the sole owner of the Cars or has the sole right and authority to lease the Cars as provided herein, (B) that Lessee is entitled to receive all car hire charges and/or mileage allowance payments that accrue when such Cars are off the lines of Lessee and, (C) no other party has any right that might affect Lessee's rights to possession and peaceful enjoyment of the Cars under this Lease as long as Lessee is in compliance with its obligations. Lessee, however, agrees and covenants that it will not allow any lien or claim against the Cars and further agrees to discharge any claim or lien which may

be made against the Cars. In the event Lessee fails or refuses to discharge any lien or claim within 10 days after the effective date thereof, Lessor may discharge such lien or claim and Lessee shall reimburse Lessor the full cost thereof, with interest thereon at the rate of eight per cent per annum.

19. Notices: Unless otherwise provided, any notice sent pursuant to this Lease must be in writing and addressed as follows:

To Lessor: Atlantic and Western Railway,
Limited Partnership
2605 Thomas Drive
Panama City Beach, Florida 32408

with a copy to: Atlantic and Western Railway,
Limited Partnership
100 Professional Park Suite 302
Carrollton, Georgia 30117

To Lessee: CSX Transportation, Inc.
Attn: Treasury Department, J-220
500 Water Street
Jacksonville, Florida 32202

20. Non-Waiver: The failure of either party to enforce any provision of this Lease or to prosecute any default shall not be considered as a waiver of that provision or as a bar to the prosecution of that default unless so indicated in writing.

21. Insurance: The Lessee will at all times during the term of this Lease, and until return of the Cars to Lessor, at its own expense, cause to be carried and maintained insurance or self insurance retention in respect to its obligations assumed under this Lease in amounts and against such risks customarily insured against by comparable railroad companies. Lessee will annually furnish Lessor with a schedule of such coverage upon written request. In addition, Lessor will at all times during the term of this Lease, and until return of the Cars to Lessor, at its own expense, cause to be carried and maintained liability and casualty insurance or self insurance to fully cover Lessor's operations and assets. Lessor will furnish Lessee with a schedule of such coverage upon written request.

22. UMLER: Lessee will be shown as the Lessee of the Cars in the AAR UMLER file.

23. Casualty Schedule: The amounts contained on the casualty schedule as Exhibit C will apply when Lessee is responsible for the payment of a Car that is destroyed or damaged beyond economic repair, as described in the Destruction of Car paragraph.

24. Indemnity: Lessee shall indemnify and hold Lessor harmless from and against all claims, losses, liabilities, damages, judgments, suits, and all legal proceedings, and any and all cost and expenses in connection therewith (including attorneys' fees) incurred by Lessor under this Lease, unless caused by the negligence of Lessor and its agents or subcontractors or the failure of Lessor to perform its obligations under this Lease.

25. Time: Time is of the Essence of this Lease.

26. Entire Agreement: This Lease constitutes the entire understanding of the parties, has been drafted on a basis of mutual input, shall be construed pursuant to the laws of the State of Florida, and shall be binding upon the parties, their respective successors, assigns and legal representatives. It shall remain in full force and effect until all Cars have been tendered at the appropriate interchange point for return to Lessor. Any modification to this Lease must be in writing and signed by both parties.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed by their duly authorized officials.

CSX TRANSPORTATION, INC.
(Lessee)

ATLANTIC AND WESTERN RAILWAY,
Limited Partnership (Lessor)

By: A. D. M. [Signature]
Title: Treasurer

By: [Signature] Durden
Title: President

Rail Management and Consulting Corporation
Its General Partner

Date: 2.22.95

Date: 3-10-95

I hereby certify this is a true and correct original Atlantic and Western Railway, Limited Partnership Car Lease.

On this 9th day of January 1997, before me, ANN S. SELLERS, a Notary Public in and for said County, appeared K. Earl Durden, personally known to me who first by me being sworn did say that he is the President of Rail Management and Consulting Corporation, General Partner of Atlantic & Western Railway, Limited Partnership

[Signature] 1/9/97
K. Earl Durden
President
Rail Management and Consulting Corporation, General Partner

In testimony whereof, I have hereunto affixed my name and official seal at Panama City Florida, this 9th day of January, 1997.

Ann S. Sellers
Notary Public

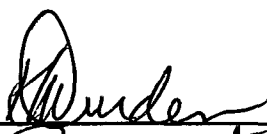


ANN S SELLERS
My Commission CC533083
Expires Feb. 18, 2002

GUARANTY

Rail Management and Consulting Corporation ("Guarantor") is the general partner of Atlantic and Western Railway, Limited Partnership ("Lessor") and is familiar with the rights and obligations of Lessor, as contained in the immediately preceding Lease between Lessor and CSX Transportation, Inc. ("Lessee"). As an inducement for Lessee to execute the Lease, Guarantor hereby guarantees to Lessee the prompt and satisfactory performance by Lessor of all obligations of Lessor, as contained in the Lease. Guarantor is jointly and severally liable with Lessor for all obligations of Lessor. Lessee may proceed against either Lessor or Guarantor or against them jointly for the enforcement and performance of the aforementioned obligations. Notice to Lessor shall also constitute notice to Guarantor. This guaranty has been executed by a duly authorized official of Guarantor.

RAIL MANAGEMENT AND CONSULTING
CORPORATION

By: 
Title: President
Date: 3-10-95

caricase.jwh

EXHIBIT A

List of 191 of 223 Boxcars

Series CSXT 143200 - 143390

(List to be completed at a later date after cars have been delivered)

EXHIBIT B

List of 32 of 223 Boxcars

(CSXT Series

list to be completed at a later date)

EXHIBIT C

CASUALTY SCHEDULE

Car Value when delivered	\$20,000
After first lease payment	\$19,200
After second lease payment	\$18,400
After third lease payment	\$17,600
After fourth lease payment	\$16,800
After fifth lease payment	\$16,000
After sixth lease payment	\$15,200
After seventh lease payment	\$14,400
After eighth lease payment	\$13,600
After ninth lease payment	\$12,800
After tenth lease payment	\$12,000



Treasury Department
500 Water St. J-220
Jacksonville, FL 32202

Thursday, February 23, 1995

Mr. Barry G. Waters
Vice President-Leasing
ATW Railway
100 Professional Park, Suite 302
Carrollton, GA. 30117

Dear Barry:

Ref: Lease Documents: Boxcars for Paper Service

Attached are two copies of lease documents for 191 (plus possibly 32 more) Boxcars -- for paper service -- that CSX Transportation Inc. ("CSXT") plans to lease from your company. As you can see, CSXT has executed the documents. Thus, when and if CSXT makes a decision to add the 32 Boxcars to this lease, there will be no need to revise this document. You will, however, need a separate "Letter of Commitment" or equivalent, from us before including those cars in the lease.

Please mail one copy of the lease document back to me after it has been executed by the Atlantic and Western Railway. In the meantime, if you have any questions, please call me at (904)-359-1105.

Sincerely,

A handwritten signature in dark ink, appearing to read "N. B. Rao", written over a horizontal line.

N. B. Rao

Director-Finance Administration

cc: Mr. D. W. Bell - J890
Mr. J. W. Humes - J150